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**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**

**Financial Statements**  
**June 30, 2004**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-30-05

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**Deborah D. Dees, MBA, CPA**  
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**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**  
**FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2004

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### **Independent Auditor's Report**

Ms. Earline Williams, Director  
And Board of Directors  
Sabine Council on Aging, Inc.  
Many, Louisiana

I have audited the accompanying basic financial statements of the governmental activities of the Sabine Council on Aging, Inc. as of and for the year ended June 30, 2004, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sabine Council on Aging, Inc.'s management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above, present fairly, in all material respects, the financial position of the Sabine Council on Aging, Inc., as of June 30, 2004, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1(C), the Council has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2004.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 4, 2004, on my consideration of the Sabine Council on Aging, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of any audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages 6 through 14 and the required supplementary information on pages 42 through 45 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sabine Council of Aging, Inc.'s basic financial statements. The supplementary financial information on pages 47 and 48 is not a part of the basic financial statements but are required by the Governor's Office of Elderly Affairs, State of Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Sabine Council of Aging, Inc. This supplementary financial information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Nelson A. Allen". The signature is fluid and cursive, with the first name "Nelson" being more prominent than the last name "Allen".

Mansfield, Louisiana  
November 4, 2004

## REQUIRED SUPPLEMENTAL INFORMATION (PART I)

**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2004

The following discussion and analysis of the Sabine Council on Aging's financial performance provided as overview of the Council's financial activities for the year ended June 30, 2004. Please read it in conjunction with the financial statements, which begin on page 17.

**FINANCIAL HIGHLIGHTS**

- The Council showed a net increase in overall net assets of \$418,888 this year due to the new sales tax revenue being passed.
- Net Capital Assets of the Council rose by \$184,825 due to the purchase of the property to be the future site of the Council on Aging, Inc., vehicles and office equipment.
- The unreserved, undesignated fund balance for the Council's General Fund was \$283,215 which is a \$240,424 increase from the prior year. The large fund balance available is due to the monies for the construction of the new building starting to accumulate prior to actual construction.

**HOW TO USE THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 17 and 18) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund financial statements begin on page 20. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about Supplementary Financial Information Required by GASB Statement 34 and Supplementary Financial Information Required by GOEA and OMB Circular A-133 that follow later in this reporting package. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

**REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS**

Our analysis of the Council as a whole begins on page 17. An important question to ask about the Council's finances is, "Is the Council as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-Wide statements report the Council's net assets and changes in them. Some of the net assets are restricted which means they can only be used for a specific purpose. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or

decreases in the Council's net assets are one indicator of whether its financial position improving or deteriorating. However, to assess the overall financial position of the Council, you will need to consider other nonfinancial factors, such as the condition of the council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities. These activities include an Administration function, Medicaid Transportation function, and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include various supportive social services, nutritional services, utility assistance, and disease prevention and health promotion. The Medicaid Transportation is relevant to the activities of transporting the elderly which are services reimbursable by Medicaid. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from government grants and contracts, along with donations from the general public, to pay for the services it provides to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The council does not have any business-type activities. However, the Council does charge a fee for persons under 60 years old to ride the Council's vans and for meals. We do not view the fees we charge for these activities as a business-type activity because we do not intend to make a profit or recover the full cost of providing the service.

## **REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING FUND FINANCIAL STATEMENTS**

Our analysis of the Council's major funds begins on page 20. The Fund Financial Statements can be found on pages 20 to 22 and provide detailed information about the most significant funds- not the Council as a whole. In the *Fund Financial Statements* you will see a General Fund and a variety of major Special Revenue Funds. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal responsibilities for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified* accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We have presented the difference between the net assets of governmental activities and the fund balance of the governmental funds in a reconciliation at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in net assets for the governmental funds and the change in net assets for the governmental activities has been presented in a reconciliation on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.



## **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages \_\_\_ to \_\_\_. You should read the notes before making assumptions or drawing conclusions about the Council's financial conditions.

### **SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the Council's fiscal year. We have also opted to present positive and negative variances between the final budget and actual amounts.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which we believe is important to present for the Council's financial statement users.

Managements' Discussion and Analysis is also required supplementary information (RSI) by GASB Statement 34. However, it is presented under Required Supplementary Information (Part I) at the beginning of the reporting package and not with the other RSI by GASB Statement 34.

### **OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA AND OMB CIRCULAR A-133**

The Council has also presented other required supplemental information in this report package.

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 48 to 50. This information will be used by GOEA to verify the accuracy of information the Council submitted to it during the year and to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

The Office of Management and Budget (OMB) through its Circular A-133 requires a Schedule of Expenditures of Federal Awards. This schedule will present required information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council.

## AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects condensed information on the Council's net assets:

	<u>Governmental Activities</u>
<b>Assets</b>	
Current and other assets	\$ 422,313
Capital assets, net of depreciation	<u>231,762</u>
Total Assets	\$ 654,075
<b>Liabilities</b>	
Compensated Absences	\$ 6,360
Line of Credit	125,000
Other Liabilities	<u>14,098</u>
Total Liabilities	\$ 145,458
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 106,762
Restricted	5,577
Unrestricted	<u>396,278</u>
Total Net Assets	<u>\$ 508,617</u>

As of June 30, 2004, the Council "as a whole" had assets greater than its liabilities by \$508,617. The Council's total net assets increased significantly from \$89,729 to \$508,617. This is due primarily to the 10-year sales tax passed July, 2003.

The Council's unrestricted net assets actually increased by \$418,888 or 5.7 times over last year's amount. About 77.91% of the Council's net assets are unrestricted as of June 30, 2004. It is important that the Council have unrestricted net assets so that we will have resources available to adapt to changes in the economy, emergencies, unexpected needs, reductions in or termination of grant revenues by government agencies and future capital expenditures.

The Council's restricted net assets of \$5,577 are for utility assistance only. Net assets are reported as restricted when the constraints placed upon the asset's use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets (\$106,762) are presented net of depreciation and any related outstanding debt incurred to acquire them. For the year presented, there is \$125,000 debt that has been subtracted from the capital asset amounts related to the purchase of the property for the future home of the Sabine Council on Aging, Inc.

The liability for compensated absences has not changed very much during the year. This liability represents what the Council would owe to its employees as of year-end for unused vacation leave. If employee vacation patterns are similar from year to year, and if the number of employees remains about the same, then the amount owed at year-end will not change very much from year to year. This event would trigger the immediate payment of unused vacation to the terminated employees resulting in the Council having to use unrestricted net assets to make the payments.

Other liabilities decreased by \$12,605 this year or 48%. The primary reason for the decrease is that the Council was able to "earn" a larger portion of revenues within the current year under the terms of its grants and contracts than it was able to do last year. Sometimes the Council receives money from grants in advance before it spends the money. Under the terms of most of the Council's grants and contracts, the Council is not entitled to keep the money until it spends the money for an allowable purpose. Any money

that has been received but not spent as of year-end must be presented as a liability in the Council's financial statements. Accordingly, if the Council does not spend the money by the time the grant of contract expires, it will have to refund the unused portion.

The table below illustrates the revenues and expenses that caused the change in net assets over the year.

	<u>2004</u>
Revenues	
Program Revenues:	
Charges for Services	\$ 57,506
Operating Grants and Contributions	400,135
General Revenues:	
Sales Tax Revenue	399,912
Unrestricted Grants and Contributions	49,019
Other General Revenues	<u>9,067</u>
Total Revenues	915,639
Direct Program Expenses of the Health Welfare, and Social Services Function:	
Supportive Services:	
Homemaker	37,618
Information and Assistance	24,278
Legal Assistance	3,398
Outreach	13,083
Transportation	63,008
Nutrition Services:	
Congregate Meals	96,498
Home Delivered Meals	154,408
Disease Prevention and Health Promotion	29,441
National Family Caregiver	36,788
Utility Assistance	1,922
Direct Program Expenses of the Medicaid Transportation	78,828
Direct Administration Expenses	<u>25,028</u>
Total Expenses	564,298
Excess of revenues over expenses before special items	351,341
Special Items	<u>67,547</u>
Increase (Decrease) in Net Assets	<u>\$ 418,888</u>

The Council's total revenues were \$915,639 for government-wide financial statements. Because this is our first year to comply with GASB-34, comparative data is not available. The prior year's revenue was approximately \$520,000 which reflects the increase of approximately the 2004 sales tax revenue of \$399,916. Without this revenue, the current year revenue would have been approximately the same as the prior year. Total expenses outside of the activities related to the new property were also consistent with the prior year. In the past, due to reductions in grant funding and the limited availability of new sources of funds, it has been difficult for us to expand. The Council has previously had to use some of its net asset balances from the prior years to make ends meet. Due to this new source of revenues, the Council has been able to discontinue this trend and looks forward to expanding the current level of services.

The Council also sold property associated with the old building site and sold two vans during the year at a gain. The sale of these assets is reported as a special item because they are events that are not associated with our primary functions, but within our control. By reporting the sale of these assets this way, we are better able to see how the Council is performing without the transfer of assets.

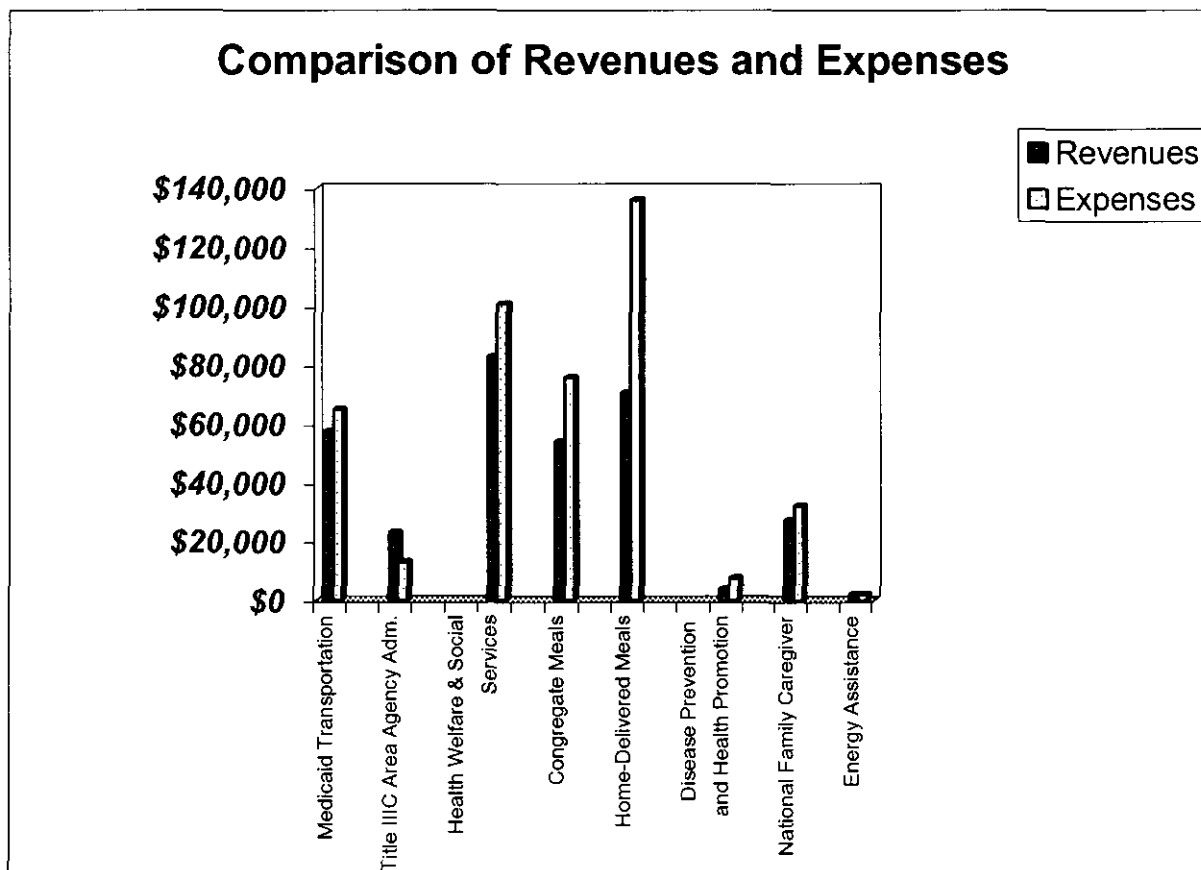
## AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

Most of the Council's activities are funded by federal, state, and local grants. These grants amount to approximately 85% of the revenues restricted for specific programs of the Council in 2004. These grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

This year, the Council received monies from a sales tax passed for a term of ten years beginning October, 2003. This money is being used to construct a new center, update the equipment and vehicles, and to expand and provide better services to the senior citizens of Sabine Parish.

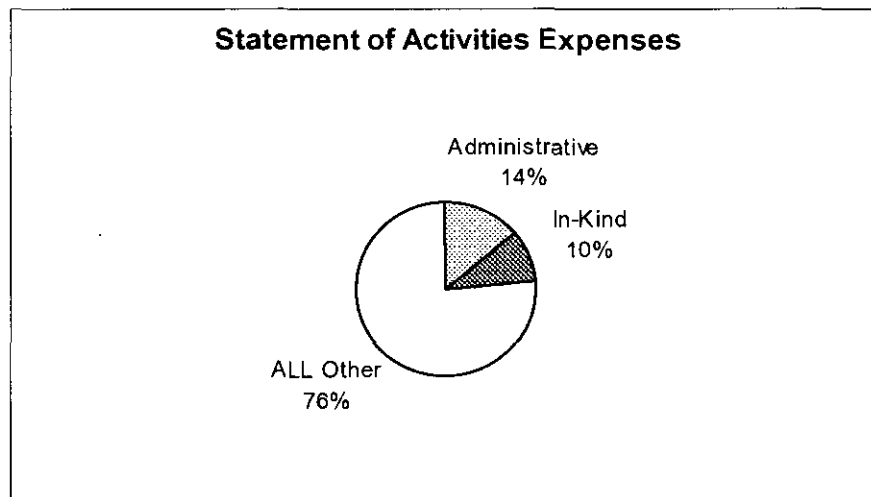
The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented only a small portion of revenues for the predominately rural area.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are related to transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Sabine Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.



You will note that most of the governmental activities have more expenses than revenues. We expect this situation to occur and have prepared the Council's budgets for these activities with this in mind. As you will note, not all program revenues are included in this chart. Other types of grant monies are available to assist in the cost of certain programs, for instance, NSIP monies are utilized with the CI and CII programs for the cost of raw materials for meal served to the qualified individuals. This chart is only to demonstrate those

revenues and expenses that have been either directly or indirectly allocated to these specific funds prior to transfers. Traditionally, once qualified transfers from all grant sources have been exhausted, general revenues are used to cover the excess of expenses over revenues in these activities.



Another indication of how we are using money and resources efficiently can be analyzed by calculating the percentage of administration and in-kind expenses in relation to total expenses. There was a slight increase in expenses because depreciation expense was calculated in 2004 for the first time.

Finally, the Utility Assistance program has revenues greater than expenses for the year after all qualified transfers have been exhausted. No indirect costs can be charged to this program because under the terms of the contract, the contributions given by the donor may only be used to pay for utility bills for certain needy people who meet the guidelines to receive assistance. In any given year, the amount of contributions received in this program may exceed the demand from qualified recipients.

### **AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS**

#### **Fund Balances**

The Council showed a combined governmental fund balance of \$283,215 (as shown on the Fund Financial Statement's balance sheet on page 20) at the end of this year, which is an increase of \$240,424 versus last year. However, when you look at the funds individually you will see that the Council's General Fund actually increased by \$254,300 this year, while the Special Revenue Funds had a combined fund balance decrease of \$13,876.

The primary reason for the increase in the General Fund's fund balance is as follows:

- Monies are accumulating for a new building and expansion of services

#### **Revenues**

The combined fund revenues increased \$ 369,491 this year versus last year. The primary reason is:

- Sales tax revenue of \$399,916

## Expenditures

Total expenditures increased by \$183,027 this year. Some of the notable reasons why this occurred are as follows:

- Purchase of new building site
- Matching funds for the purchase of two vehicles

## AN ANALYSIS OF THE GENERAL FUND BUDGET

Our GOEA budget was not approved until February, 2004. We were unable to diligently monitor our budget. You can find schedules of the original budget for the General Fund in the Supplementary Financial Information Required by GASB 34 section of this report on pages 42 to 45. When you review the budget versus actual schedule, you will not the favorable and unfavorable variances. Sales tax revenue and program revenue fees were significantly higher than budgeted. The capital outlay was an unexpected expenditure not in the original budget.

## AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$231,762 in fixed assets net of accumulated depreciation. This amounted to a net increase of \$184,825 over last year.

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
Buildings and Land	\$ 50,283	\$ 125,000	\$	\$ 175,283
Furniture and Equipment	16,646	3,908	(5,256)	15,298
Automotive Equipment	160,304	70,008	(22,599)	207,713
Construction in Progress	0	4,250		4,250
Total General Fixed Assets	\$ 227,233	\$ 203,166	\$ (27,855)	\$ 402,544

### Accumulated Depreciation

Buildings and Land	29,567	3,691		33,258
Furniture and Equipment	14,332	1,262	(5,256)	10,338
Automotive Equipment	136,397	13,388	(22,599)	127,186
Construction in Progress				-
Total Accumulated Depreciation	\$ 180,296	\$ 18,341	\$ (27,855)	\$ 170,782
Total Net Assets	\$ 46,937	\$ 184,825	\$ 0	\$ 231,762

The major addition this year to the Council's fixed assets was the purchase of property for the new center site, two new vehicles and computer equipment. The Council has budgeted for fiscal year 2005 to build the new center using revenues from the sales tax. More detailed information can be found about the Council's capital assets in Notes 1(L) and 5 to the financial statements.

The Council does have a line of credit of which \$125,000 has been utilized for the purchase of the property. This is a short term debt and will be paid in the coming year. We have already discussed the nature and effects of the compensated absence liability.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In the past, the Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. Due to the sales tax revenue, a large percentage of funding is presently coming from a new taxpayer source. In setting the budget for fiscal year 2005, it was important that we deliver at least the same level of service to our clients and the public as we did in 2004. All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2005. There have been no significant changes to the funding levels from the Governor's Office of Elderly Affairs or terms of the grants and contracts. Accordingly, we have set our initial budget to provide the same programs and levels of service next year.

As previously mentioned, the Council plans to build next year. It is important to maintain adequate funds for the construction in progress. The new facility will cost up to \$1,000,000. The Council will need to maintain liquid investments in order to cover this cost, therefore, no long term investments have been made at this time. This expenditure has been factored into next year's budget.

## **CONTACTING THE COUNCIL'S MANAGEMENT**

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Earline Williams, the Council's Executive Director, at the Council's main office located at 750 West Georgia Avenue, Many, Louisiana, 71449-1678, by phone at (318) 256-4140, or by email [scoa@cp-tel.net](mailto:scoa@cp-tel.net).

## BASIC FINANCIAL STATEMENTS



## GOVERNMENT WIDE FINANCIAL STATEMENTS

**SABINE COUNCIL ON AGING, INC.****Many, Louisiana****STATEMENT OF NET ASSETS**

For the Year Ended June 30 ,2004

		<b>Governmental Activities</b>
<b>Assets</b>		
Cash	\$	362,097
Restricted Cash for Utility Assistance		5,577
Receivables		51,526
Prepaid Insurance		393
Utility Deposits		70
Unamortized Bond Costs		2,650
Capital assets, net of accumulated depreciation of \$170,782		<u>231,762</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>654,075</u></b>
<b>Liabilities</b>		
Current:		
Accounts payable	\$	8,572
Payroll taxes withheld and accrued		5,526
Accrued compensated absences		6,360
Line of Credit		<u>125,000</u>
<b>Total Liabilities</b>	<b>\$</b>	<b><u>145,458</u></b>
<b>Net Assets</b>		
Invested in Capital Assets, net of debt	\$	106,762
Restricted for:		
Utility Assistance		5,577
Unrestricted		<u>396,278</u>
<b>Total Net Assets</b>	<b>\$</b>	<b><u><u>508,617</u></u></b>

**SABINE COUNCIL ON AGING, INC.****Many, Louisiana****STATEMENT OF ACTIVITIES**

For the year ended June 30, 2004

Function/Programs	Program Revenues					Net (Expenses) Revenues and Increases (decreases) of Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities:</b>						
<b>Health, Welfare &amp; Social Services:</b>						
Supportive Services:						
Homemaker	33,399	4,219	0	27,495	0	(10,123)
Information and Assistance	22,922	1,356	0	18,947	0	(5,331)
Legal Assistance	3,398	0	0	3,058	0	(340)
Outreach	11,275	1,808	0	9,064	0	(4,019)
Transportation	55,323	7,685	0	43,009	0	(19,999)
Nutrition Services:						
Congregate Meals	84,778	11,720	0	62,292	0	(34,206)
Home Delivered Meals	141,572	12,836	0	101,371	0	(53,037)
Utility Assistance	1,922	0	0	1,878	0	(44)
Disease Prevention and Health Promotion	28,325	1,116	0	24,731	0	(4,710)
National Family Caregiver Support:						
Respite Care	14,980	2,232	0	13,628	0	(3,584)
Personal Care	17,344	2,232	0	13,628	0	(5,948)
<b>Medicaid Transportation</b>	68,224	10,604	57,506	56,006	0	34,684
<b>Administration</b>	80,836	(55,808)	0	25,028	0	0
Total governmental activities	\$ 564,298	\$ 0	\$ 57,506	\$ 400,135	\$ 0	\$ (106,657)
General revenues:						
Grants and contributions not restricted to specific programs						49,019
Sales tax revenue						399,912
Miscellaneous						9,067
Special Item-Gain on sale of assets						67,547
Total general revenues & special items						525,545
Increase (decrease) of net assets						418,888
Net Assets-July 1, 2003						89,729
Net Assets-June 30, 2004						\$ 508,617

## FUND FINANCIAL STATEMENTS

**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
For the year ended June 30, 2004

	GENERAL	TITLE III B	TITLE III C-1	TITLE C-2	NON-MAJOR	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>						
Cash	\$ 367,675	\$ 0	\$ 0	\$ 0	\$ 0	\$ 367,675
Grants Receivable	0	0	0	0	3,498	3,498
Sales Tax Receivable	48,028	0	0	0	0	48,028
Due from Special Revenue Fund	3,498	0	0	0	0	3,498
Due from General Fund	0	0	0	0	5,577	5,577
Prepaid Insurance	393	0	0	0	0	393
Unamortized Bond Costs	2,650	0	0	0	0	2,650
Utilities Deposits	70	0	0	0	0	70
<b>Total Assets</b>	<b>\$ 422,314</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,075</b>	<b>\$ 431,389</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 8,572	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,572
Accrued Payroll Taxes	5,526	0	0	0	0	5,526
Line of Credit	125,000	0	0	0	0	125,000
Due to Special Revenue Fund	5,577	0	0	0	0	5,577
Due from General Fund	0	0	0	0	3,498	3,498
<b>Total Liabilities</b>	<b>144,675</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,498</b>	<b>148,173</b>
<b>Fund Balances:</b>						
Reserved for:						
Utility Assistance	0 #	0	0	0	5,577	5,577
Unreserved/Undesignated	277,638	0	0	0	0	277,638
<b>Total Fund Balances</b>	<b>277,638</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,577</b>	<b>283,215</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 422,313</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,075</b>	<b>\$ 431,388</b>

**Amounts reported for governmental activities in the statement of net assets are different because:**

- Compensated absences are not paid for out of current financial resources and therefore are not reported in the funds
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

6,360

231,762

**Net Assets of Governmental Activities**

**\$ 508,617**

The accompanying notes are an integral part of this statement.

## SABINE COUNCIL ON AGING, INC.

Many, Louisiana

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

For the Year Ended June 30, 2004

	GENERAL	TITLE III B	TITLE III C-1	TITLE III C-2	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Intergovernmental	\$ 21,048	\$ 78,166	\$ 47,395	\$ 59,055	\$ 164,782	\$ 370,446
Sales tax revenue	399,912	0	0	0	0	399,912
Public Support	655	0	0	0	1,878	2,533
Interest Income	117	0	0	0	0	117
Program Service Fees	57,506	0	0	0	0	57,506
Client Contributions	0	4,517	6,647	11,311	0	22,475
Miscellaneous	8,950	0	0	0	0	8,950
Total Revenues	488,188	82,683	54,042	70,366	166,660	861,939
<b>EXPENDITURES</b>						
Health, Welfare, Social Services						
Current:						
Personnel	40,215	61,868	33,334	37,723	17,237	190,377
Fringe Benefits	8,939	3,891	2,143	2,540	3,027	20,540
Travel	656	2,215	396	13,807	396	17,470
Operating Services	14,159	23,466	6,059	11,785	29,463	84,932
Operating Supplies	13,564	8,458	1,257	6,979	1,233	31,491
Other Costs	27,253	937	526	3,368	15,372	47,456
Meals	0	0	32,038	59,670	0	91,708
Utility Assistance	0	0	0	0	1,922	1,922
Capital Outlay	203,166	0	0	0	0	203,166
Total Expenditures	307,952	100,835	75,753	135,872	68,650	689,062
Excess (deficiency) of Revenues Over Expenditures	180,236	(18,152)	(21,711)	(65,506)	98,010	172,877
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the sale of assets	66,347	948	96	108	48	67,547
Operating Transfers in	56,006	17,204	21,615	65,398	8,662	168,885
Operating Transfers out	(48,289)	0	0	0	(120,596)	(168,885)
Total Other Financing Sources and Uses	74,064	18,152	21,711	65,506	(111,886)	67,547
<b>Net Increase (Decrease) in Fund Balances</b>	254,300	0	0	0	(13,876)	240,424
<b>FUND BALANCES</b>						
Beginning of the Year	36,201	0	0	0	6,590	42,791
End of the Year	\$ 290,501	\$ 0	\$ 0	\$ 0	\$ (7,286)	\$ 283,215

The accompanying notes are an integral part of this statement.

**SABINE COUNCIL ON AGING, INC.****Many, Louisiana****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2004

Net Increase (Decrease) in fund balances - total governmental funds	\$	240,424
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$203,166) exceed depreciation (\$18,342) in the current period.		184,824
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		<u>(6,360)</u>
Increase (Decrease) of net assets of governmental activities	\$	<u><u>418,888</u></u>

## NOTES TO THE FINANCIAL STATEMENTS



**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies**

**A. Purpose of the Council on Aging:**

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Sabine Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of Sabine Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

**B. Reporting Entity:**

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. However, before the council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and each council is governed by the policies and regulations established by GOEA.

The Sabine Council on Aging is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations 32 years ago. A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials.

Membership in the Council is open at all times, without restriction, to all residents of Sabine Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity: (continued)**

Based on the criteria set forth in GASB Statement 14, the Sabine Council on Aging is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

**C. Presentation of Statements:**

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Council has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements

As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**C. Presentation of Statements: (continued)**

- Governmental-Wide Financial statements prepared using full accrual accounting for all of the Council's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Council has elected to implement the general provisions of the GASB Statement 34 in the current year.

**D. Basic Financial Statements - Government-Wide Statements**

The Council's basic financial statements include both Government-Wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Council's functions and programs have been classified as governmental activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the Government-Wide financial statements do not include any of these activities or funds.

In the Government-Wide Statement of Net Assets, the governmental type activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Council's policy is to use restricted resources first to finance its activities except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSIP contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Quite often unrestricted resources are available for use that must be consumed or they will have to be returned to GOEA. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using restricted resources first.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements

As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**D. Basic Financial Statements - Government-Wide Statements: (continued)**

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect cost allocation." In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs.

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net assets resulting from the current year's activities.

**E. Basic Financial Statements - Fund Financial Statements:**

The financial transactions of the Council are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements

As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**E. Basic Financial Statements - Fund Financial Statements: (continued)**

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

- **The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several funds within the general fund and special revenue funds. The following is a brief description of each fund's purpose:

**General Fund**

**The Medicaid Fund** is accounted for under the general fund. This is a program where the Council completes enrollment applications for people wanting to apply for Medicaid services. The Council is paid \$14 per application it completes by the Department of Health and Hospitals (DHH). Any funds remaining after applying direct costs to operating this program are available for discretionary use by management. The Council also acts as a coordinator of services for people who are home-bound and in need of services similar to those provided in a nursing home. Rather than have the person sent to a nursing home, the Council coordinates necessary services and is paid a fee by Medicaid for performing the case management function.

**Other Local Fund** is revenues, such as, (1) donations from the general public, (2) income from various fund raisers (3) program service revenue from providing Medicaid services and (4) interest income earned on idle funds which have been invested, have been recorded in the "other local" program of the General Fund. Expenses incurred which are not chargeable to specific programs are recorded as "other local" expenditures. Also, expenses incurred to produce related program service fees and fund raising incomes are charged as "other local" program expenditures. "Other local" funds are also used as transfers to special revenue funds to supplement those programs. In addition, fixed asset additions are generally paid with "other local" funds.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**E. Basic Financial Statements - Fund Financial Statements: (continued)**

**The PCOA (Act 735) Fund** accounts for funds appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years of age.

**Major Special Revenue Funds**

**The Title III B Fund** is used to account for funds, which are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
• Information and Assistance	382
• Outreach	65
• Homemaker	1,519
• Recreation	9,949
• Transportation for people age 60 or older	6,384
• Legal	75
• Telephoning	3,705
• Material Aid	77
• Medical Management	53

**The Title III C-1 Fund** is used to account for funds that are used to provide nutritional, congregate meals to the elderly at meal sites located in Many, Converse, Pleasant Hill and Zwolle areas. During the year the Council provided 11,091 units of service to people eligible to participate in this program. They also provided 49 units of nutritional education to participants at these sites.

**The Title III C-2 Fund** is used to account for funds that are used to provide nutritional meals to homebound older persons. Using Title III C-2 funds the Council served meals totaling 23,142 units of service during the year to people eligible to participate in this program.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**E. Basic Financial Statements - Fund Financial Statements: (continued)**

**Non-Major Special Revenue Funds**

**The Title III C Area Agency Administration Fund** is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the elderly. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bear to direct costs for all programs.

**The Title III D Fund** is used to account for funds used for disease prevention and health promotion activities. During the year 62,324 units of wellness service were provided to eligible participants in this program.

**The Title III E Fund** is used to account for National Family Caregiver Support Program (NFCSP) funds used to provide a multi-faceted system of support services for family caregivers and for grandparents or older individuals who are relative caregivers. NFCSP Caregiver Services include (1) information about services/education, (2) assistance with access to services, (3) counseling/support groups, (4) respite care, (5) supplemental services including material aid, personal care and sitter services. During the year 1,134 units of service were provided.

**The Senior Center Fund** is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior center for Sabine Parish is located in Many. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the fiscal year, the Senior Center Fund transferred all of its grant revenue to the Title III C-11 Fund to subsidize that program's cost of providing supportive services to elderly persons who use the senior center.

**The Audit Fund** is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost allocated to this fund is equal to the GOEA supplement. Excess audit costs were recorded in the General Fund.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**E. Basic Financial Statements - Fund Financial Statements: (continued)**

**Non-Major Special Revenue Funds (continued)**

**The Utility Assistance Fund** is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The Council receives its Project Care donations directly from Entergy Corporation. LP&L Helping Hands donations are provided through the Louisiana Association of Councils on Aging, Inc. (LACOA). During the year, the Council was able to provide \$1,922 of service with these funds.

**The Supplemental Senior Center Fund** was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The Sabine Council on Aging was one of the parish councils to receive a supplemental grant of \$3,825. The money received by this fund during the year was transferred to the Title III C-1 Fund to supplement the supportive services provided by this fund. GOEA provided these funds to the Council.

**The EFSP Fund** is used to account for the administration of the Emergency Food and Shelter National Board Program whose purpose is to supplement food and shelter assistance to individuals who might currently be receiving assistance, as well as to assist those who are not receiving any. Funds are provided by the Federal Emergency Management Agency (FEMA) to help provide additional home-delivered meals.

**The FTA Fund** was established to account for funds under the U.S. Department of Transportation's Public Transportation for the acquisition of vehicles purchased in part with federal funds under various capital assistance programs. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Sabine Parish Council. The Louisiana Department of Transportation and Development also coordinated the receipt of the required match funds from the Council. The Council was in receipt of two vehicles this year through the U. S. Department of Transportation's program.

**The N.S.I.P. Fund** is used to account for the administration of the Nutrition Program for Elderly funds provided by the United States Department of Agriculture through the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. Beginning October 1, 2000, GOEA began distributing NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. The primary purpose of the NSIP reimbursement is to provide money to the Council so that United States food and commodities may be purchased to supplement nutrition programs.



**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**F. Measurement Focus and Basis of Accounting:**

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual Basis – Government-Wide Financial Statements (GWFS):**

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**2. Modified Accrual Basis – Fund Financial Statements (FFS):**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

**G. Interfund Activity:**

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the Government-Wide Financial Statements.

**H. Cash and Cash Equivalents:**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**I. Reservation and Designations of Fund Balances:**

The Council "reserves" portions of its fund balances that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations. Designated allocation of fund balances result when the Council's management intends to expend certain resources in a designated manner.

**J. Restricted Assets:**

Restricted assets represent assets which have been primarily acquired through donations whereby the donor has placed a restriction on how the donation can be used by the Council (i.e., utility assistance funds). Restricted assets are offset by a corresponding reservation of the Council's fund balance.

**K. Prepaid Expenses/Expenditures:**

Prepaid expenses include amounts paid for services in advance. These are shown as assets on the Government-Wide Statement of Net Assets. However, in the Fund Financial Statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed to comply with the cost reimbursement terms of grant agreements. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the Fund Financial Statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

**L. Capital Assets:**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**L. Capital Assets: (continued)**

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital asset, management has established 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

**M. Unpaid Compensated Absences:**

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. Management has estimated the current and long-term portions of this liability based on historical trends. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year.

In contrast, the governmental funds in the Fund Financial Statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, no amounts have been accrued as fund liabilities as of year-end in the Fund Financial Statements. The differences in the methods of accruing compensated absences creates a reconciling item between the fund and government-wide financial statement presentations.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the Government-Wide Financial Statements relative to sick leave.

**N. Allocation of Indirect Expenses:**

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**1. Summary of Significant Accounting Policies (continued)**

**O. Management's Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**P. Elimination and Reclassifications:**

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Q. Deferred Revenues:**

The Council reports deferred revenues on its Statement of Net Assets and on the balance sheet of the Fund Financial Statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**2. Revenue Recognition**

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

**3. Cash**

The Council maintains a consolidated bank account to deposit most of the monies it collects and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. In addition to the consolidated bank account, the Council has a separate bank account to deposit and disburse sales tax revenue funds, payroll, capital outlays and the Council had an interest bearing savings account.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**3. Cash (continued)**

At year-end, the carrying amount of the Council's cash balances on the books, which includes \$100 of petty cash, was \$367,674, whereas the related bank balances totaled \$410,799. The difference in the book, and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end. All bank balances (\$410,799) were covered by federal depository insurance and pledging. Accordingly, bank and deposits are classified as a "Category 3" credit risk in accordance with GASB Statement 3.

GASB Statement 3 categorizes deposits into three categories of credit risk:

1. Insured by FDIC or collateralized with securities held by the Council or by its agent in the Council's name. (Category 1)
2. Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. (Category 2)
3. Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council's name; or collateralized with no written or approved collateral agreement. (Category 3)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a legal requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Council that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, all bank deposits must be (1) secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent bank, or (2) invested exclusively in instruments backed by the U.S. government. The fair value of the pledged securities plus the federal deposit insurance must always equal or exceed the amount on deposit with the fiscal agent.

**4. Government Grants and Contracts Receivable**

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end.

Government grants and contracts receivable at year-end, consist of reimbursements for expenses incurred under the following programs:

<u>Program</u>	<u>Fund</u>	<u>Provider</u>	<u>Amount</u>
Nutrition Services	FEMA	GOEA	\$ 3,498
Total government grants and contracts receivable			<u>\$ 3,498</u>

# SABINE COUNCIL ON AGING, INC.

Notes to the Financial Statements  
As of and for the year Ended June, 2004

## 5. Changes in Capital Assets

A summary of changes in capital assets is as follows:

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
Buildings and Land	\$ 50,283	\$ 125,000	\$	\$ 175,283
Furniture and Equipment	16,646	3,908	(5,256)	15,298
Automotive Equipment	160,304	70,008	(22,599)	207,713
Construction in Progress		4,250		4,250
Total General Fixed Assets	\$ 227,233	\$ 203,166	\$ (27,855)	\$ 402,544

### Accumulated Depreciation

Buildings and Land	29,567	3,691		33,258
Furniture and Equipment	14,332	1,262	(5,256)	10,338
Automotive Equipment	136,397	13,388	(22,599)	127,186
Construction in Progress				-
Total Accumulated Depreciation	\$ 180,296	\$ 18,341	\$ (27,855)	\$ 170,782
Total Net Assets	\$ 46,937	\$ 184,825	\$ 0	\$ 231,762

## 6. Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

## 7. In-Kind Contributions

The Council received \$53,700 in various in-kind contributions during the year, which have been valued at their estimated fair market value. The in-kind activities have been presented as part of the government-wide activities on Statement B to demonstrate their overall effect. The presentation of this revenue and the related expenditures are equal, thereby, producing no effect on net income (loss). The in-kind have however, been omitted from the general governmental statements in order to demonstrate better the effects of current financial resources from the GOEA and other governmental sources to their applicable expense. The primary in-kind contributions consisted of labor, free rent, materials and activities related to healthfairs, fundraisers and the buildings. A summary of the in-kind contributions and their respective values is as follows:

Labor	\$ 10,991
Transportation	100
Services	18,610
Supplies	500
Healthfairs, fundraisers and building related	23,499
Total in-kind	\$ 53,700

# SABINE COUNCIL ON AGING, INC.

Notes to the Financial Statements  
As of and for the year Ended June, 2004

## 8. Interfund Receivables and Payables

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans in the Fund Financial Statements. A summary of these interfund loans at year end, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 3,498	\$ -
Special Revenue Funds:		
FEMA	<u>-</u>	<u>3,498</u>
Total	<u>\$ 3,498</u>	<u>\$ 3,498</u>

These loans have been eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

## 9. Interfund Transfers

Interfund transfers to and from are listed by fund for the fiscal year as follows:

Funds Transferred Out	Funds Transferred In						Total
	Title III-B	Title III-C-I	Title III-C-II	Title III-D	Title III-E	General	
Senior Center	\$	\$	\$ 23,491	\$	\$	\$	\$ 23,491
Supp. Senior Ctr		3,825					3,825
Title III-C AAA	10,050						10,050
NSIP			20,228				20,228
FEMA		6,996					6,996
FTA						56,006	56,006
PCOA (Act 735)		10,794	10,254				21,048
General Fd/Local	<u>7,154</u>	<u></u>	<u>11,425</u>	<u>3,594</u>	<u>5,068</u>	<u></u>	<u>27,241</u>
Total	<u>\$ 17,204</u>	<u>\$ 21,615</u>	<u>\$ 65,398</u>	<u>\$ 3,594</u>	<u>\$ 5,068</u>	<u>\$ 56,006</u>	<u>\$ 168,885</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

**SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

**10. Changes in Long-Term Debt**

The only long-term debt the Council had during the year related to compensated absences. The following is a schedule of the changes in long-term debt for the accrued compensated absences:

Beginning balance – July 1, 2003	\$ 5,202
Increases	6,360
Decreases	<u>(5,202)</u>
Ending balance – June 30, 2004	<u>\$ 6,360</u>

**11. Income Tax Status**

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c)(3) of the Internal Revenue Code, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax.

**12. Related Party Transactions**

There were no significant related party transactions during the year.

**13. Risk Management**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

**14. Judgments, Claims, and Similar Contingencies/Subsequent Event**

There is one litigation pending against the Council as of year-end. The Council's management believes that any potential lawsuits will be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

This lawsuit was settled after year end for no additional costs to the Council.



## **SABINE COUNCIL ON AGING, INC.**

Notes to the Financial Statements  
As of and for the year Ended June, 2004

### **15. Sales Tax Revenue**

The Sabine Council on Aging, Inc. acting through the Policy Jury of Sabine Parish was successful in passing a one-fourth of one percent (1/4%) sales and use tax on July 19, 2003. This is a tax for ten years beginning October 1, 2003. These funds are to provide funds for administering, acquiring, constructing, improving, maintaining, supporting and operating authorized activities, services, programs, and/or facilities for the council. The revenue received for the year ended June 30, 2004 was \$399,912.

### **16. Contingencies-Grant Programs**

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

### **17. Economic Dependency**

The Council receives the majority of its revenue through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

## REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended June 30, 2004

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 0	\$ 0	\$ 21,048	\$ 21,048
Sales Tax revenue	100,000	100,000	399,916	299,916
Public Support	837	837	655	(182)
Interest Income	0	0	117	117
Program Service Fees	0	0	57,506	57,506
Client Contributions	0	0	0	0
Miscellaneous	0	0	8,950	8,950
Total Revenues	100,837	100,837	488,192	387,355
EXPENDITURES				
Current:				
Salaries	45,219	45,219	40,215	5,004
Fringe Benefits	7,964	7,964	8,939	(975)
Travel	1,029	1,029	656	373
Operating Services	28,075	28,075	14,159	13,916
Operating Supplies	11,909	11,909	13,564	(1,655)
Other Cost	6,641	6,641	27,253	(20,612)
Meals	0	0	0	0
Utilities Assistance	0	0	0	0
Capital Outlay	0	0	203,166	(203,166)
Total Expenditures	100,837	100,837	307,952	(207,115)
Excess (deficiency) of Revenues over Expenditures				
	0	0	180,240	180,240
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of assets	0	0	66,347	(66,347)
Operating Transfers in	0	0	56,006	(56,006)
Operating Transfers out	0	0	(48,289)	48,289
Total Other Financing Sources and Uses	0	0	74,064	(74,064)
Net Increase (Decrease) in Fund Balance				
	0	0	254,304	106,176
FUND BALANCES				
Beginning of the Year	36,201	36,201	36,201	0
End of the Year	\$ 36,201	\$ 36,201	\$ 290,505	\$ 106,176

The accompanying notes are an integral part of this statement.

**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE**  
**TITLE IIIB**  
For the Year Ended June 30, 2004

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental				
Governor's office of Elderly Affairs	\$ 84,865	\$ 84,865	\$ 78,166	\$ (6,699)
Public Support	0	0	0	0
Interest Income	0	0	0	0
Program Service Fees	0	0	0	0
Client Contributions	0	0	4,517	4,517
Miscellaneous	0	0	0	0
<b>Total Revenues</b>	<b>84,865</b>	<b>84,865</b>	<b>82,683</b>	<b>(2,182)</b>
<b>EXPENDITURES</b>				
Current:				
Salaries	82,900	82,900	61,868	21,032
Fringe Benefits	14,600	14,600	3,891	10,709
Travel	13,137	13,137	2,215	10,922
Operating Services	36,515	36,515	23,466	13,049
Operating Supplies	13,223	13,223	8,458	4,765
Other Cost	5,852	5,852	937	4,915
Meals	0	0	0	0
Utilities Assistance	0	0	0	0
Capital Outlay	0	0	0	0
<b>Total Expenditures</b>	<b>166,227</b>	<b>166,227</b>	<b>100,835</b>	<b>65,392</b>
Excess (deficiency) of Revenues over Expenditures	(81,362)	(81,362)	(18,152)	63,210
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of assets	0	0	948	(948)
Operating Transfers in	81,362	81,362	17,204	64,158
Operating Transfers out	0	0	0	0
<b>Total Other Financing Sources and Uses</b>	<b>81,362</b>	<b>81,362</b>	<b>18,152</b>	<b>63,210</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCES</b>				
Beginning of the Year	0	0	0	0
End of the Year	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of this statement.

**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE**  
**TITLE III C-1**  
For the Year Ended June 30, 2004

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental				
Governor's office of Elderly Affairs	\$ 47,395	\$ 47,395	\$ 47,395	\$ 0
Public Support	0	0	0	0
Interest Income	0	0	0	0
Program Service Fees	0	0	0	0
Client Contributions	0	0	6,647	6,647
Miscellaneous	0	0	0	0
<b>Total Revenues</b>	<b>47,395</b>	<b>47,395</b>	<b>54,042</b>	<b>6,647</b>
<b>EXPENDITURES</b>				
Current:				
Salaries	28,496	28,496	33,334	(4,838)
Fringe Benefits	5,018	5,018	2,143	2,875
Travel	1,192	1,192	396	796
Operating Services	4,726	4,726	6,059	(1,333)
Operating Supplies	1,504	1,504	1,257	247
Other Cost	48,108	48,108	526	47,582
Meals	0	0	32,038	(32,038)
Utilities Assistance	0	0	0	0
Capital Outlay	0	0	0	0
<b>Total Expenditures</b>	<b>89,044</b>	<b>89,044</b>	<b>75,753</b>	<b>13,291</b>
Excess (deficiency) of Revenues over Expenditures	(41,649)	(41,649)	(21,711)	19,938
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of assets	0	0	96	(96)
Operating Transfers in	41,649	41,649	21,615	20,034
Operating Transfers out	0	0	0	0
<b>Total Other Financing Sources (uses)</b>	<b>41,649</b>	<b>41,649</b>	<b>21,711</b>	<b>19,938</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCES</b>				
Beginning of the Year	0	0	0	0
End of the Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The accompanying notes are an integral part of this statement.

**SABINE COUNCIL ON AGING, INC.****Many, Louisiana****BUDGETARY COMPARISON SCHEDULE****TITLE III C-2**

For the Year Ended June 30, 2004

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental				
Governor's office of Elderly Affairs	\$ 59,055	\$ 59,055	\$ 59,055	\$ 0
Public Support	0	0	0	0
Interest Income	0	0	0	0
Program Service Fees	0	0	0	0
Client Contributions	0	0	11,311	11,311
Miscellaneous	0	0	0	0
Total Revenues	<u>59,055</u>	<u>59,055</u>	<u>70,366</u>	<u>11,311</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	44,016	44,016	37,723	6,293
Fringe Benefits	7,752	7,752	2,540	5,212
Travel	19,112	19,112	13,807	5,305
Operating Services	15,346	15,346	11,785	3,561
Operating Supplies	5,124	5,124	6,979	(1,855)
Other Cost	39,695	39,695	3,368	36,327
Meals	0	0	59,670	(59,670)
Utilities Assistance	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	<u>131,045</u>	<u>131,045</u>	<u>135,872</u>	<u>(4,827)</u>
Excess (deficiency) of Revenues over Expenditures	<u>(71,990)</u>	<u>(71,990)</u>	<u>(65,506)</u>	<u>6,484</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of assets	0	0	108	(108)
Operating Transfers in	71,990	71,990	65,398	6,592
Operating Transfers out	0	0	0	0
Total Other Financing Sources (uses)	<u>71,990</u>	<u>71,990</u>	<u>65,506</u>	<u>6,484</u>
<b>Net Increase (Decrease) in Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES</b>				
Beginning of the Year	0	0	0	0
End of the Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

## SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS- NON-MAJOR FUNDS**  
For the Year Ended June 30, 2004

	Title III-C Area Agency Admin.	Title III-D	Title III-E	EFSP (FEMA)	NSIP (USDA)	Senior Center	Supp Senior Center	Energy Assistance	FTA (DOTD)	Audit	TOTAL
<b>REVENUES</b>											
Intergovernmental:											
Governor's Office of Elderly Affairs	\$ 22,991	\$ 3,751	\$ 27,156	\$ 0	\$ 19,259	\$ 23,491	\$ 3,825	\$ 0	\$ 0	\$ 1,307	\$ 101,780
Department of Transportation	0	0	0	0	0	0	0	0	56,006	0	56,006
FEMA	0	0	0	6,996	0	0	0	0	0	0	6,996
Public Support- Restricted:	0	0	0	0	0	0	0	0	0	0	0
General Public via Utility Co. Programs	0	0	0	0	0	0	0	1,878	0	0	1,878
<b>Total Revenues</b>	<b>22,991</b>	<b>3,751</b>	<b>27,156</b>	<b>6,996</b>	<b>19,259</b>	<b>23,491</b>	<b>3,825</b>	<b>1,878</b>	<b>56,006</b>	<b>1,307</b>	<b>166,660</b>
<b>EXPENDITURES</b>											
Current:											
Salaries	8,207	4,458	4,572	0	0	0	0	0	0	0	17,237
Fringe Benefits	1,063	1,564	400	0	0	0	0	0	0	0	3,027
Travel	68	112	216	0	0	0	0	0	0	0	396
Operating Services	2,811	679	25,973	0	0	0	0	0	0	0	29,463
Operating Supplies	604	145	484	0	0	0	0	0	0	0	1,233
Other Costs	236	387	579	0	0	0	0	0	0	1,307	2,509
Utilities Assistance	0	0	0	0	0	0	0	1,922	0	0	1,922
Capital Outlays	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>12,989</b>	<b>7,345</b>	<b>32,224</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,922</b>	<b>0</b>	<b>1,307</b>	<b>55,787</b>
Excess (deficiency) of Revenues over Expenditures	10,002	(3,594)	(5,068)	6,996	19,259	23,491	3,825	(44)	56,006	0	110,873
<b>OTHER FINANCING SOURCES (Uses)</b>											
Proceeds from the sale of assets	48	0	0	0	0	0	0	0	0	0	48
Operating Transfers in	0	3,594	5,068	0	0	0	0	0	0	0	8,662
Operating Transfers out	(10,050)	0	0	(6,996)	(20,228)	(23,491)	(3,825)	0	(56,006)	0	(120,596)
<b>Total Other Financing Sources and Uses</b>	<b>(10,002)</b>	<b>3,594</b>	<b>5,068</b>	<b>(6,996)</b>	<b>(20,228)</b>	<b>(23,491)</b>	<b>(3,825)</b>	<b>0</b>	<b>(56,006)</b>	<b>0</b>	<b>(111,886)</b>
<b>Net Increase (Decrease) in fund balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(969)</b>	<b>0</b>	<b>0</b>	<b>(44)</b>	<b>0</b>	<b>0</b>	<b>(1,013)</b>
<b>FUND BALANCES</b>											
Beginning of the Year	0	0	0	0	969	0	0	5,621	0	0	6,590
End of the Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,577	\$ 0	\$ 0	\$ 5,577

The accompanying notes are an integral part of this statement.



**SABINE COUNCIL ON AGING, INC.****Many, Louisiana****COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS AND CHANGES IN GENERAL FIXED ASSETS**

For the Year Ended June 30, 2004

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
General Fixed Assets at cost:				
Buildings and Land	\$ 50,283	\$ 125,000	\$ 0	\$ 175,283
Furniture and Equipment	16,646	3,908	(5,256)	15,298
Automotive Equipment	160,304	70,008	(22,599)	207,713
Construction in Progress	0	4,250	0	4,250
Total General Fixed Assets	<u>\$ 227,233</u>	<u>203,166</u>	<u>(27,855)</u>	<u>\$ 402,544</u>
Investment in General Fixed Assets				
Property Acquired from:				
Medicaid Programs	\$ 5,664	\$ 0	\$ (31)	\$ 5,633
Title IIIB Ombudsman	232	0	0	232
Title IIIF	231	0	0	231
Title IIIC-1	5,510	0	(1,400)	4,110
Title IIIC-2	3,932	0	(1,550)	2,382
Senior Center	0	0	0	0
PCOA (Act 735)	2,513	0	0	2,513
General Funds	2,588	0	0	2,588
Title IIIG	0	0	0	0
Title IIIB Supportive	32,731	0	(12,400)	20,331
Donations	19,250	0	(57)	19,193
Prior to 1999 - AAA, IIIB, CI, CII, IIID, OMB, IIIF, and Waiver	15,660	0	0	15,660
Title IIIC Administrative	5,510	0	(495)	5,015
Title IIID	462	0	0	462
Misc. Grants	132,950	203,166	(11,922)	324,194
Total Investments in General Fixed Assets	<u>\$ 227,233</u>	<u>203,166</u>	<u>(27,855)</u>	<u>\$ 402,544</u>

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY OMB  
CIRCULAR A-133

**SABINE COUNCIL ON AGING, INC.**  
**Many, Louisiana**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2004

<b>FEDERAL GRANTOR/PASS- THROUGH GRANTORS/ PROGRAM OF CLUSTER TITLE</b>	<b>Federal CFDA Number</b>	<b>Grant Year Ended</b>	<b>Program or Award Amount</b>	<b>Revenue Recognized</b>	<b>Expenditures</b>
<b>U. S. Department of Health and Human Services - Administration on Aging</b>					
Passed through the Governor's Office of Elderly Affairs:					
Special Programs for the Aging:					
Title III, Part B - Supportive Services and Senior Center	93.044	06/30/04	\$ 78,166	\$ 78,166	\$ 78,166
Title III, Part C - Area Agency Administration	93.045	06/30/04	22,991	22,991	22,991
Title III, Part C -1- Nutrition Services - Congregate Meals	93.045	06/30/04	47,395	47,395	47,395
Title III, Part C -2- Nutrition Services - Home Delivered Meals	93.045	06/30/04	59,055	59,055	59,055
Subtotal CFDA #93.045			129,441	129,441	129,441
Title III, Part D - Preventive Health	93.043	06/30/04	3,751	3,751	3,751
Title III Part E - National Family Caregiver Support Program	93.052	06/30/04	27,156	27,156	27,156
Nutritional Services Incentive Program For 2004 Grant	93.053	06/30/04	19,259	19,259	19,259
Totals for U. S. Department of Health and Human Services - Administration on Aging			257,773	257,773	257,773
<b>Federal Emergency Management Agency</b>					
Passed through the United Way					
Emergency food and shelter program	83.523	06/30/04	6,996	6,996	6,996
Totals for the Federal Emergency Management Agency			6,996	6,996	6,996
<b>U. S. Department of Transportation - Federal Transit Administration</b>					
Passed through the Louisiana Department of Transportation and Development:					
Passed through the Sabine Parish Council					
FTA - Section 5310 - Elderly and persons with disabilities transportation capital assistance program (Federal project # LA-16-0029) (State project #736-99-1068)	20.500	06/30/04	56,006	56,006	56,006
Totals for U. S. Department of Transportation			56,006	56,006	56,006
Total Federal Grants			\$ 320,775	\$ 320,775	\$ 320,775

Note A - Basis of Accounting - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Sabine Council on Aging and has been prepared using the accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the fund financial statements.

Note B - The Sabine Council on Aging, Inc. did not pass-through any of its federal awards to a sub recipient during the fiscal year.

Note C - No federal awards were expended in the form of non-cash assistance during the fiscal year.

The accompanying notes are an integral part of this statement.

**OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING  
STANDARDS**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Ms. Earline Williams, Director  
And Board of Directors  
Sabine Council on Aging, Inc.  
Many, Louisiana

I have audited the accompanying basic financial statements of the Sabine Council on Aging, Inc., as of and for the year ended June 30, 2004, as listed in the table of contents, and have issued my report thereon dated November 4, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Sabine Council on Aging, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2004-2.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Sabine Council on Aging, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in my judgment, could adversely affect Sabine Council on Aging, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2004-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 2004-1 to be a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal and state awarding agencies and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Deborah D. Dees". The signature is fluid and cursive, with the first name being more prominent.

Deborah D. Dees, CPA  
Mansfield, Louisiana  
November 4, 2004

**SABINE COUNCIL ON AGING, INC.**  
Schedule of Findings and Questioned Costs  
For the Year ended June 30, 2004

**SUMMARY OF AUDITOR'S RESULTS:**

**INDEPENDENT AUDITOR'S REPORT:**

I have audited the basic financial statements of the Sabine Council on Aging, Sabine Parish, Louisiana, as of and for the year ended June 30, 2004, and have issued my report thereon dated November 4, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the basic financial statements as of June 30, 2004, resulted in an unqualified opinion.

**REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**Compliance**

Compliance Material to Financial Statements ☒ Yes ☐ No

**Internal Control**

Material Weaknesses ☒ Yes ☐ No  
Other Conditions ☐ Yes ☒ No

There was no management letter issued.

**FEDERAL AWARDS**

Not applicable

**FINANCIAL STATEMENT FINDINGS**

**Internal Control Finding**

**2004-1 General ledger expenditure allocations:**

Criteria: The Council must allocate the various expenditures to each separate grant program directly or based on an appropriate percentage as per grant documents and GOEA budgets.

Finding: The Sabine Council on Aging, Inc.'s general ledger expense allocations were inconsistent and haphazard. This could result in inaccurate reporting of program expenses to the oversight agency.

Condition: This continues to be a finding from the prior year. The transactions in total were posted to the ledger; however, not per budgeted Governor's Office of Elderly Affairs grant requirements. Salary and wage percentage allocations are the main difficulty.

Recommendation: Council's management should provide transaction allocation detail to the outside bookkeeping firm in a form that has the specific ledger account number and the amounts. Then the monthly general ledger should be reviewed carefully by management for proper posting.

**SABINE COUNCIL ON AGING, INC.**  
Schedule of Findings and Questioned Costs  
For the Year ended June 30, 2004

(continued)

**COMPLIANCE FINDING:**

**2004-2 Budget**

Criteria: The Governor's Office of Elderly Affairs requires budget variances to be less than 10% in program cost categories.

Finding: Programs have budgeted expenses outside the 10% established threshold.

Condition: As per noted in finding 2004-1 and in the prior year audit, the allocations to the program expense categories was still a problem for most of this year.

Recommendation: Establish proper allocation of expenses, and thus, the ability to scrutinize budget provisions on an ongoing basis.



**SABINE COUNCIL ON AGING, INC.**  
Schedule of Prior Audit Findings  
For the Year ended June 30, 2003

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**2003-1** General Ledger expenditure allocations: Unresolved. See Finding 2004-1.

**2003-2** Budget: Unresolved. See Finding 2004-2.

**00-1** Manual General Ledger-improper posting of transactions: Finding resolved.

**00-2** Financial Statements available for review: Finding resolved.

**MANAGEMENT LETTER**

**2003-3** Form 940, Federal Unemployment Tax filings. Resolved.



# Sabine Council On Aging, Inc.

December 30, 2004

We have reviewed the "Report on Compliance and on Internal Control over Financial Reporting," the "Schedule of Finding and Questions Costs", and the "Schedule of Prior Audit Findings" issued in conjunction with our June 30, 2004 audit. Please find listed below our corrective actions taken to correct each finding.

2004-01, 2003-01 The Council management have educated ourselves and our bookkeeping service concerning our unique grant allocations for inclusion in the proper program expenditure accounts. We as management are in turn becoming more knowledgeable about the detailed general ledger provided each month to make certain that the correct amounts are being posting to the expenses.

2004-02, 2003-02 As management of the Council becomes more acquainted with the bookkeeping documents and monthly statements that now are required to have a budget comparison by grant, we will have the ability to make timely and informed decisions about the budget.

Respectfully submitted,

Earline Williams  
Executive Director



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